

Message Text

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APPROVED BY:NEA:WSBUTCHER

S/S:S. GAMMON

S/S-O:PPSARROS

NEA:ARN:DAKORN

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FM SECSTATE WASHDC

TO USDEL ALEXANDRIA IMMEDIATE

INFO AMCONSUL JERUSALEM IMMEDIATE IMMEDIATE

S E C R E T STATE 090057

EXDIS TOSEC 150

S/S FOR ATHERTON

FOLLOWING TELEGRAM FROM AMMAN DATED MAY 1, 1974 SENT ACTION
SECSTATE WASHDC IS REPEATED TO YOU: QUOTE

S E C R E T AMMAN 2515

EXDIS

E.O. 11652: GDS

TAGS: MASS, JO

SUBJECT: FMS CREDIT FOR JORDAN

REF: STATE 85030

1. EMBASSY ACCEPTS DEPARTMENT'S JUDGEMENT PER REFTEL
THAT \$30 MILLION FY 75 FMS CREDIT ARRANGEMENTS
SHOULD BE DIRECTLY WITH GOVERNMENT OF JORDAN RATHER
THAN WITH THIRD PARTY AND SEES ADVANTAGES IN DOING
SO.

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2. WE UNDERSTAND ARGUMENT REGARDING DRAWBACKS VIS-A-VIS CONGRESS CONCERNING EXTENSION OF CREDITS TO OIL-RICH COUNTRIES AT THIS TIME. HOWEVER, OUR PERCEPTION WAS THAT WE WOULD BE OBTAINING ADDITIONAL SAUDI FINANCING FOR A PROGRAM WHOSE BENEFITS WOULD BE TO THE JORDANIANS AND THE US. WE DON'T SEE THE SAUDIS AS BENEFITING FROM THIS PROPOSAL SINCE IT IS NOT SUBSTITUTE FOR WHAT THEY ALREADY DOING, BUT AN ADD-ON (EXCEPT TO THE EXTENT THEY CAN DELAY THEIR PAYMENTS). ALTHOUGH INDIRECT FINANCING PROPOSAL WAS DESIGNED TO ESTABLISH A PATTERN FOR INCREASED LONG-TERM FINANCING BY RICH ARABS, WE ALSO APPRECIATE THAT THESE ARE NOVEL AND COMPLICATED ARRANGEMENTS. WITHOUT MAKING DIRECT FMS ARRANGEMENTS WITH THIRD PARTIES, WE WOULD HOPE NEVERTHELESS TO CONTINUE TO PURSUE OBJECTIVE OF "GAINING FINANCING FOR JORDAN'S MILITARY NEEDS FROM WEALTHY FRIENDS" (PARA 2 REFTTEL) BY INDIRECT MEANS MENTIONED BELOW. THIS SEEMS TO US BENEFICIAL BOTH TO US AND JORDAN AND INCREASES OIL-RICH STATES' CONTRIBUTION.

3. ACCORDINGLY, WHILE WE WILL DROP PROPOSED DIRECT ARRANGEMENT BETWEEN USG AND POTENTIAL BENEFACTORS REGARDING FMS CREDIT ARRANGEMENTS, WE WOULD HOPE DEPARTMENT WILLING CONSIDER FOLLOWING ACTIONS:

A) FIRST, AND MOST IMPORTANT, GIVE USG POLITICAL SUPPORT FOR JORDAN EFFORT TO FIND BENEFACTORS. JORDANIANS HAVE ALREADY TAKEN LEAD IN SEEKING SAUDI FUNDING. IN LATEST EFFORT, COS BIN SHAKER AND AIR FORCE CHIEF ABBODD CURRENTLY IN SAUDI ARABIA. WE WOULD HOPE US COULD MAKE SOME SORT OF SUPPORTING REPRESENTATIONS AT HIGH LEVEL TO SAG FOR FINANCING JORDANIANS FMS CREDITS. SUCH ARRANGEMENTS ARE NOT NEW TO SAUDIS, SINCE WE UNDERSTAND SAUDIS AND OTHER ALREADY REPAYING SYRIAN AND EGYPTIAN MILITARY DEBTS TO SOVIETS. SAUDI ARRANGEMENTS WITH USG AND JORDAN COULD BE USEFUL PRECEDENT FOR LONG-TERM, EVEN BEYOND MILITARY ASSISTANCE FIELD, E.G, IN ATTRACTING FINANCING BY OIL-RICH

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ARAB STATES FOR ECONOMIC DEVELOPMENT PROJECTS IN JORDAN IN SOME SORT OF COLLABORATIVE ARRANGEMENTS WITH US.

B) SECONDLY, WE COULD HOPE TO OBTAIN FROM GOJ IN SOME FORM ACCEPTABLE TO DEPARTMENT (IDEALLY, BUT NOT NECESSARILY, IN WRITING) AN UNDERSTANDING AS TO SOURCE AND MODALITIES OF FINANCING FOR FMS CREDIT. IN VIEW OF USG INTEREST THAT REPAYMENT NOT ADD TO

JORDANIAN BUDGET DEFICITS WITH CONSEQUENT ADDITIONAL
IMPLICATION THAT US SUPPORTING ASSISTANCE
FUNDS WERE BEING USED TO REPAY CREDIT.

4. IF DEPARTMENT AGREES TO FOREGOING, WOULD APPRE-
CIATE A) ITS AUTHORIZING DIRECT USG SUPPORT (PER-
HAPS DURING SECRETARIAL TRAVEL) FOR CURRENT JORDAN
EFFORT VIS-A-VIS SAUDI ARABIA, AND B) ITS APPROVING
EMBASSY AMMAN USE ABOVE GENERAL PRINCIPLES IN ITS
APPROACH TO GOJ.
PICKERING UNQUOTE RUSH

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